QUESTION PRESENTED

Whether an aggrieved employee can sue his employer for wrongful discharge under § 301 of the Labor Management Relations Act of 1947 when the employee has agreed to resolve disputes through a multi-step grievance procedure set forth in a collective bargaining agreement between his union and the employer.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

No. 89-1166

ARTHUR GROVES, BOBBY J. EVANS and LOCAL 771, INTERNATIONAL UNION, UAW,
Petitioners,

v.

RING SCREW WORKS, FERNDALE FASTENER DIVISION,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

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BRIEF AMICUS CURIAE OF THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA IN SUPPORT OF THE RESPONDENT

INTEREST OF THE AMICUS CURIAE [1]

The Chamber of Commerce of the United States of America ("the Chamber") is the largest federation of

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[1] This brief is being filed with the consent of the parties, pursuant to Supreme Court Rule 37.3. The consent letters have been filed with the Clerk of the Court.

business companies and associations in the world. With substantial membership in each of the 50 states, the Chamber represents nearly 180,000 businesses and organizations and serves as the principal voice of the American business community. An important function of the Chamber is to represent the interests of its member employers in important labor relations matters before this Court, the lower courts, the United States Congress, the Executive Branch and independent regulatory agencies of the federal government. Such representation constitutes a significant aspect of the Chamber's activities. Accordingly, the Chamber has sought to advance those interests by filing briefs in a wide spectrum of labor relations litigation.[2]

The question presented by the instant case—whether an aggrieved employee and his union can circumvent the final and binding methods for settling disputes set forth in the collective bargaining agreement and sue in federal court under § 301 of the Labor Management Relations Act of 1947—is of great concern to all Chamber member employers that are parties to collective bargaining agreements. The very large number of employer members that are subject to collective bargaining agreements puts the Chamber in the position to provide the Court with a more complete understanding of why national labor policy will be undermined unless the method for resolving disputes contained in a collective bargaining agreement is considered the final, binding and exclusive remedy for parties whether or not the agreement so explicitly states.

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[2] E.g., *Trans World Airlines, Inc.* v. *Independent Federation of Flight Attendants*, 109 S.Ct. 1225 (1989); *Laborers Health and Welfare Trust Fund* v. *Advanced Lightweight Concrete Co., Inc.*, 484 U.S. 539 (1988); *Pattern Makers League* v. *NLRB*, 473 U.S. 95 (1985).

STATEMENT OF THE CASE

This case centers on a dispute between Petitioners, Arthur Groves and Bobbie J. Evans, concerning the terms and conditions of their collective bargaining agreements. Both were hourly employees at divisions of Respondent, Ring Screw Works, and both were represented for purposes of collective bargaining by UAW Local 771.

Petitioners were parties to collective bargaining agreements (CBA's) mandating disputes between the Company and employees concerning the interpretation or meaning of the contract be resolved through a four-step grievance procedure. In addition, the CBA's contained the following provisions:

- that an *earnest effort* should be made to settle differences concerning the meaning and interpretation of the CBA through the *grievance procedure* (Article IV, Section 1);
- that when all negotiations have failed through the grievance procedure, the union's *only recourse* is to strike (Article XVI);
- that arbitration is only available by mutual consent of the parties (Article XVI, Section 7).

Ring Screw Works discharged both Petitioners for cause—Groves for absenteeism and Evans for falsification of company records. Pursuant to the agreement, both exhausted the multi-step grievance process. In each case, the Company exercised its right to decline arbitration upon conclusion of the grievance procedure. Additionally, the union, by majority vote, declined to strike on behalf of the Petitioners.

Petitioners brought separate suits in state court alleging that they had been discharged without just cause in violation of their collective bargaining agreements. The Union joined each case as a co-plaintiff. Neither Petitioner disputed that the grievance procedures had not been

properly followed, nor alleged that the union failed to satisfactorily represent them throughout the process.

The employer successfully removed the cases to the United States District Court for the Eastern District of Michigan, Southern Division, which granted the Company's motion for summary judgment. The Court held that the grievance procedure in the collective bargaining agreements were the Petitioner's only recourse to resolve disputes concerning the CBA's.

The cases were consolidated on appeal, and the United States Court of Appeals for the Sixth Circuit affirmed. According to the court, Petitioners were bound by the results of the grievance procedure in their contracts, and could not circumvent that procedure by bringing a court action under § 301 of the Labor Management Relations Act of 1947. Petitioners' request for an *en banc* hearing before the Sixth Circuit was denied.

SUMMARY OF ARGUMENT

Congress made a clear, unequivocal and deliberate decision when enacting § 203(d) of the Labor Management Relations Act of 1947 to bind both employers and unions to the grievance procedures set forth in their collective bargaining agreements. The Sixth Circuit's decision must be upheld because it comports with expressed Congressional intent that the methods parties select to settle differences over the meaning of terms in a collective bargaining agreement are exclusive and final.

The Sixth Circuit's decision also complies with the "finality rule" developed by this Court in the *Steelworkers Trilogy*. *United Steelworkers of America* v. *American Manufacturing Co.*, 363 U.S. 564 (1960); *United Steelworkers of America* v. *Warrior & Gulf Navigation Co.*, 363 U.S. 574 (1960); *United Steelworkers of America* v. *Enterprise and Car Corp.*, 363 U.S. 593 (1960). According to the "finality rule," the national labor policy embodied in § 203(d) can only be effectuated "if the means

chosen by parties for settlement of their differences under the collective bargaining agreement is given *full play*." 363 U.S. at 566. The rule stresses that the system of self-government that our national labor policy seeks to promote will only be advanced if contract grievance procedures are deemed binding.

Moreover, public policy demands that parties adhere to the methods they select for settling disputes in the course of the collective bargaining process. The purpose of collective bargaining is to establish a private system of industrial self-government—a system of formal rules to identify disputes between parties, to process them, and to provide for resolution under the terms of the labor contract. The only role for the courts in such a private system is to guarantee that the parties do not circumvent the procedures for resolving disputes they *both* agreed to. Allowing the union to bypass the enforcement mechanism they agreed to during the bargaining process, and bring an action under § 301 of the LMRA, would completely undermine the give-and-take of the collective bargaining process.

The Court should encourage parties to stay committed to the rules for resolving disputes bargained for in their labor contracts. These rules set *uniform* standards for the workplace that benefit employers because they help avoid litigation. They also benefit employees because they create a working environment where all parties are subject to the same rules for settling disputes. For these reasons, the method for resolving disputes that the parties agreed to should be given *full play* by this Court.

ARGUMENT

I. THE LOWER COURT'S DECISION MUST BE UPHELD BECAUSE IT HONORS THE METHOD OF DISPUTE RESOLUTION THE PARTIES THEMSELVES AGREED TO

Section 203(d) of the Labor Management Relations Act of 1947 (LMRA) provides that "[f]inal adjustment by a *method agreed upon by the parties* is hereby declared to be the desirable method for settlement of grievance disputes arising over the application or interpretation of an existing collective bargaining agreement." 29 U.S.C. § 173(d) (emphasis added). Congress' intent in enacting the LMRA was to insure that both employers and unions would be bound by the terms of their labor contracts.[3] The methods parties select to settle differences over the meaning of terms in a collective bargaining agreement are, accordingly, exclusive and final.[4]

Congress sought to foster adherence to collective bargaining agreements by giving the parties great flexibility in selecting the methods to resolve their differences.[5] Specific methods for dispute resolution, such as arbitration, were not prescribed by Congress.[6] Such methods

[3] The terms "contract" and "collective bargaining" agreement will be used interchangeably in this brief.

[4] This Court has permitted resort to federal court under § 301 to compel an employer to submit claims to an arbitrator under the grievance-arbitration provisions in a contract. However, the Court has not mandated federal court review under § 301 of *all* claims arising out of a collective bargaining agreement. *Textile Workers Union* v. *Lincoln Mills*, 353 U.S. 448, 456 (1957).

[5] Unlike the Railway Labor Act, the National Labor Relations Act does not require parties to establish a system of adjudication of disputes over the meaning and application of collective bargaining agreements. Feller, *A General Theory of the Collective Bargaining Agreement*, 61 Calif. L. Rev. 663 at 690 (May 1973).

[6] *Haynes* v. *U.S. Pipe and Foundry*, 362 F.2d 414 (5th Cir. 1966), quoting S. Rep. No. 105, 80th Cong. 1st Sess., 434-35 (1947).

would have limited the parties' options in contract negotiations. In exchange for this flexibility, the means chosen by the parties for adjustment of the dispute were to be considered final, exclusive, and binding, whether or not the parties so explicitly declared.[7]

This interpretation of § 203(d) has been supported by this Court. In the *Steelworkers Trilogy*,[8] this Court developed the "finality rule," which dictates that the national labor policy embodied in § 203(d) can only be effectuated "if the means chosen by the parties for settlement of their differences under the collective bargaining agreement is given *full play*." 363 U.S. 564 at 566 (emphasis added). In other words, the system of industrial self-government that our national labor policy seeks to promote will only be advanced if grievance procedures in a contract are deemed *binding*. 363 U.S. 574 at 580.

In *Republic Steel Corp.* v. *Maddox*, this Court upheld the "finality rule," emphasizing that parties to a contract should not circumvent the grievance procedures set forth in the collective bargaining agreement. 379 U.S. 650 (1965). In particular, this Court noted that:

> Congress has expressly approved contract grievance procedures as a preferred method for settling disputes and stabilizing the "common law" of the plant. . . . A contrary rule which would permit an individual employee to completely sidestep available grievance procedures in favor of a lawsuit has little to commend it. 379 U.S. at 653.

The *Maddox* decision also stressed one critical component of the "finality rule." This Court determined that court action is precluded unless a collective bargaining

[7] *Id.*

[8] *United Steelworkers of America* v. *American Manufacturing Co.*, 363 U.S. 564 (1960); *United Steelworkers of America* v. *Warrior & Gulf Navigation Co.*, 363 U.S. 574 (1960); *United Steelworkers of America* v. *Enterprise and Car Corp.*, 363 U.S. 593 (1960).

agreement *expressly states* that contract grievance procedures are *not* exclusive. That is, rather than presuming that contract procedures are not exclusive, as the Petitioner's here request, the *Maddox* court determined that the policy reasons behind the "finality rule" would be gutted unless the procedures were presumed to be *exclusive*.

In the present case, the parties agreed to a multi-step grievance procedure in their collective bargaining agreement that included the right to strike as its *final step*.[9] Both sides bargained for—and agreed to—this method of dispute resolution. Petitioners now try to circumvent this agreement by bringing a court action on the grounds that the grievance procedure was never intended to be final and exclusive. Given the Congressional preference for resolving disputes within the bounds of the contract grievance procedure—and in light of this Court's emphasis on the finality of contract grievance procedures—this argument is simply without merit.

II. ADHERENCE TO THE FINALITY RULE MAINTAINS THE INTEGRITY OF THE COLLECTIVE BARGAINING PROCESS

The purpose of collective bargaining is to establish a private system of industrial self-government to solve disputes in the workplace.[10] The contract signed at the end of the negotiating process—the collective bargaining agreement—memorializes a formal set of rules to identify

[9] Even though *Maddox* involved a collective bargaining agreement that contained a grievance-arbitration provision, the same public policy reasons behind the "finality rule" apply in cases, such as ours, where the procedure did not have arbitration as the final step in all cases.

[10] Donald S. McPherson, *Resolving Grievances: A Practical Approach*, (1983), at 4. ("The purpose of collective bargaining is to establish a framework to deal with the natural and divergent interests between employers and employees concerning wages, hours, and working conditions.").

disputes between the parties, to process them, and to provide for resolution under the terms of the agreement. It is a private system of industrial jurisprudence.[11]

Agreement is reached as part of an overall settlement process where both sides make concessions.[12] It is not an occasion for the employer to introduce rules into the workplace, but is, rather, a method by which *employees participate* in what would otherwise be a system of unilateral management.[13] The only role for the courts in such a private system of industrial self-government, is to guarantee that the parties utilize the process stipulated in the contract.[14]

Both the employer and the union, in the present case, reached an agreement through the give-and-take of the bargaining process. As parties that were certainly familiar with the process, each knew they were agreeing to an entirely private method by which to handle disputes concerning the agreement. The only conclusion that can be reached, then, is that the parties intended the grievance procedure included in the contract to be binding and final.

In addition, parties—such as these—know that the most important part of a labor contract is the enforcement mechanism.[15] Arbitration clauses are by far the most common provisions for final adjustment in labor agreements.[16] The strike/lockout provision included by

[11] Cox, *The Rights Under a Labor Agreement*, 69 Harv. L. Rev. 601 (1956).

[12] *Supra* note 10, at 5.

[13] Feller at 724.

[14] Here, the Petitioners exhausted the multi-step grievance procedure contained in the labor agreement, and now seek to start all over in federal court simply because they are unhappy with the results of the grievance procedure.

[15] *Supra* note 11.

[16] Basic Patterns: Grievance and Arbitration, (BNA), No. 1140, p. 51:5.

the parties in this agreement is a less common, but not obsolete, enforcement mechanism. Since collective bargaining agreements are arrived at through the give-and-take of arms length negotiating, it can be assumed that the union agreed to the strike/lockout clause in exchange for the employer's concession on another point. Allowing the union, in this case, to circumvent the grievance procedure by bringing a court action under § 301 would, thus, destroy the spirit of this bargaining process.

Finally, both parties benefit from the collective bargaining system because it sets *uniform* rules for the workplace.[17] Employers have a strong interest in developing a uniform (and private) mechanism for resolving disputes because it helps them avoid litigation.[18] Employees, on the other hand, benefit from a working environment that subjects all employees to the same rules for settling disputes. As part of this, though, both sides must commit to the labor contract and the agreed-to methods for resolving grievances. Respondent, Ring Screw Works, did just that—it processed both complaints according to the multi-step grievance procedure in the contract. Petitioners, however, decided to bypass the results of this procedure and bring a court action. This is simply not the method for resolving disputes agreed to by the parties, and is not the method for resolving disputes that should be given full play by this Court.

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[17] In *Maddox*, this Court noted that the "finality rule" preserves a "uniform and exclusive method for orderly settlement of employee grievances." 379 U.S. at 653.

[18] In 1989, there were 13,328 suits filed under the federal labor laws in federal court. *Reports of the Administrative Office of the U.S. Courts on Civil Cases Commenced by Nature of Suit*, Table C-2A (1989).

CONCLUSION

For the foregoing reasons, the Chamber urges this Court to uphold the decision of the U.S. Court of Appeals for the Sixth Circuit.

Respectfully submitted,

ROBIN S. CONRAD *
MONA C. ZEIBERG
NATIONAL CHAMBER LITIGATION CENTER, INC.
1615 H Street, N.W.
Washington, D.C. 20062
(202) 463-5337
Counsel for Amicus Curiae Chamber of Commerce of the United States of America

* Counsel of Record